



**BCHD Board of Directors**  
**Healthy Living Campus Study Session**  
**February 27, 2019**

# Healthy Living Campus

## WHAT & WHY

- ✓ **Jan. 14:** Reviewed master plan with Community Working Group (CWG)
- ✓ **Jan. 23:** Board study session to review master plan publicly

## HOW

- ✓ **Feb. 4:** Reviewed financials/phasing with Finance Committee
- ✓ **Feb. 25:** Review financials/phasing with CWG
- Feb. 27:** Board study session to review financials/phasing

## NEXT STEPS

**March:** Finance Committee meeting

**March:** Community open houses & input

**March 27:** Board meeting to consider initiating EIR process

# Healthy Living Campus

## What & Why: Master Plan




## Why the Project Matters:



# Funding 40+ Community Health Programs

Childhood Obesity & Substance Use Prevention, Blue Zones Project, Care Management for Seniors, Center for Health & Fitness, etc.



A black and white photograph of a large, multi-story hospital building. In the foreground, a sign on the left side of the building reads "SOUTH BAY HOSPITAL ENTRANCE". The building has many windows and a flat roof. A teal horizontal bar is overlaid across the middle of the image, containing the text "Solving Seismic Safety Issues".

**SOUTH BAY  
HOSPITAL  
ENTRANCE**

## Solving Seismic Safety Issues



# Establishing a Center of Excellence for Community Health





# Modernizing Campus to Meet Community Needs

**Community Wellness Pavilion, Medically Certified Exercise Center, Residential Care for the Elderly, Active Green Spaces**







**Why BCHD's Mission Matters:**

## ***BCHD Legislative Authority***

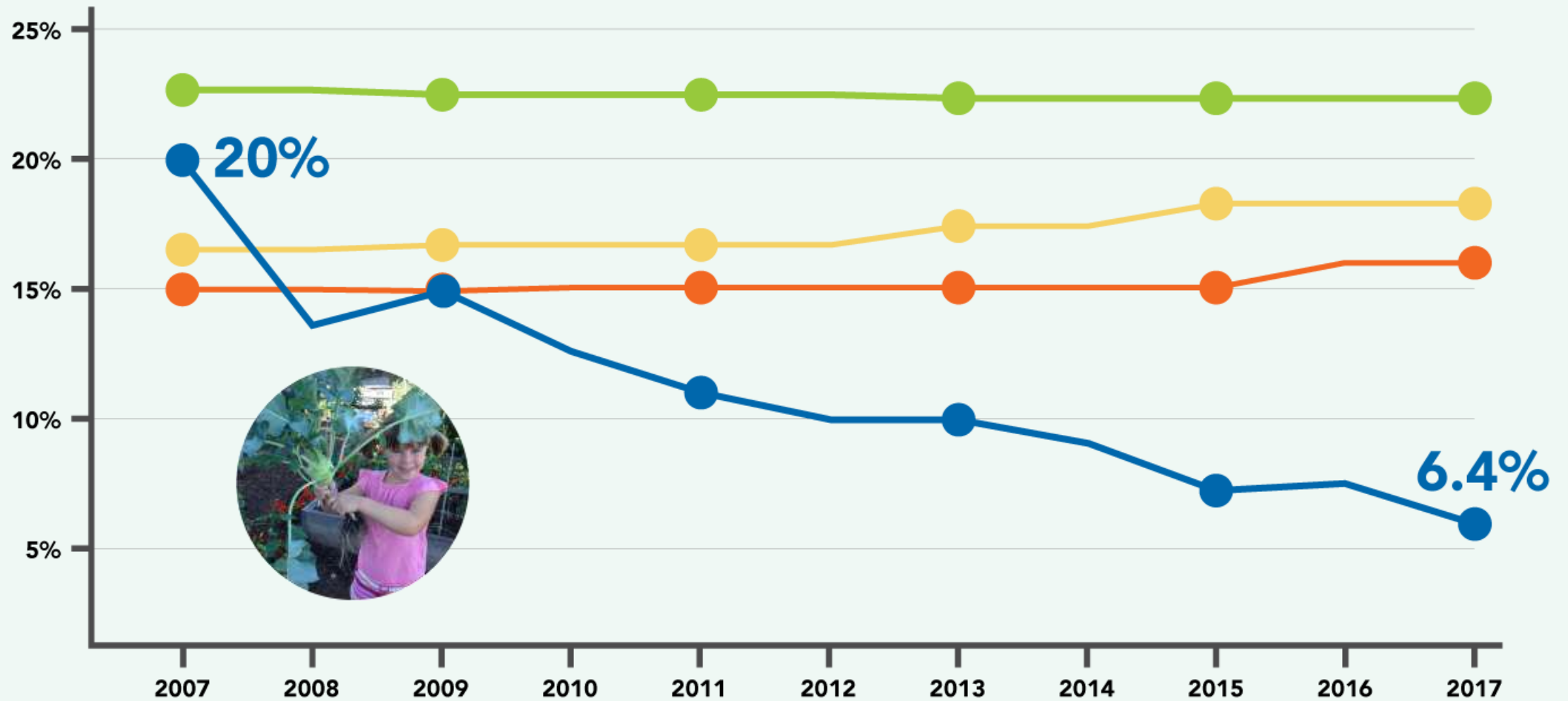
- 1945** Legislation enacted the Local District Hospital Act, enabling a community to form a special district to support the construction and operation of hospitals and health care services.
- 1994** With increasing recognition that public health strategies, prevention and primary care are vital to community health and cost-effective in health care deliver, the Legislature broadened the scope of Hospital Districts and renamed them “Healthcare Districts”
- 2017** *Little Hoover* – “*BCHD: The Future of Healthcare Districts?*” State oversight committee lists BCHD as a potential model in 2017 Healthcare District report.



***“What makes our school district special...we have BCHD. No other community has an organization so focused on students’ health and integrated into the very fabric of programs and academics.”***

**~ Dr. Steven Keller, RBUSD Superintendent**

# RBUSD Childhood Obesity Rate



- National (2-19 yrs old)
- California (10-17 yrs old)
- LA County (10-15 yrs old)
- RBUSD

National Rate  
**18.5%** (2-19 yrs., 2017)





***“We tend to believe that America’s health problems are too big and intractable. You have proven that communities can take charge and reverse the trend.”***

**~ Dr. Vivek Murthy, U.S. Surgeon General (former)**



**BCHD SOCIAL WORKERS PROVIDED**

**1,426**

**Community Requests  
for Information**

**1,115**

**Care Management  
Visits**

**793**

**Home Exercise  
Sessions**

**2,244**

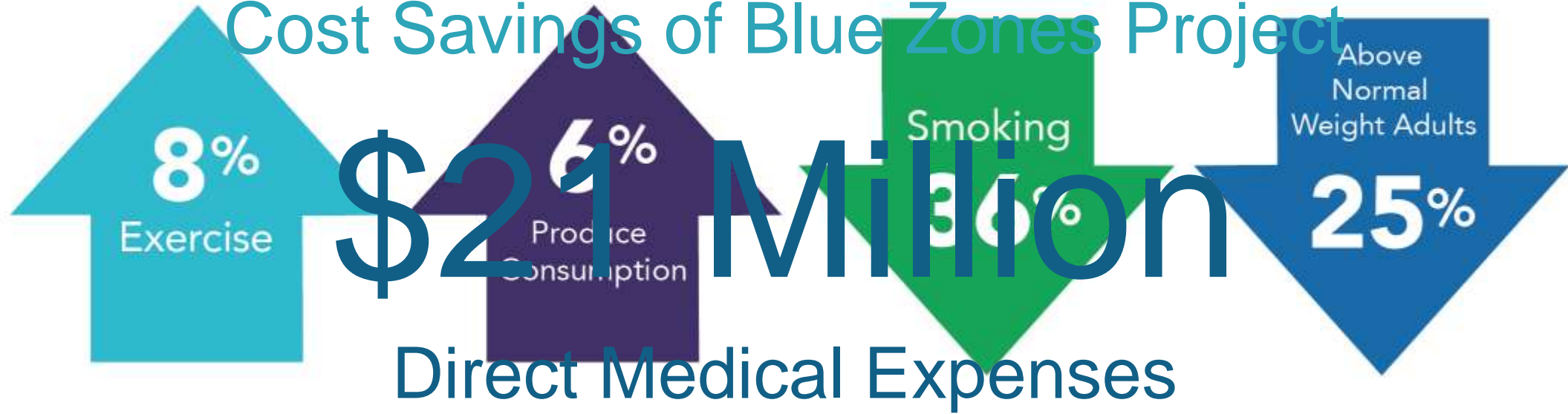
**Volunteer Visits**

**818**

**Community Classes  
and Programs**

# Key Health Outcomes 2010-2018

Cost Savings of Blue Zones Project



# Healthy Living Campus: *Master Plan Based on Feedback & Analysis*



# Current Campus





# Master Plan



# Master Plan



- ✓ Community Wellness Pavilion
- ✓ Est. 420 residential care units
- ✓ New Center for Health & Fitness
- ✓ Medical Office Building
- ✓ Acres of active green space
- ✓ Bike & pedestrian paths
- ✓ Child development center
- ✓ Optimized vehicle flow

Child development center

Beryl St.

RCFE

Center for Health & Fitness

Active Green Space

Community Wellness Pavilion

Medical Office Building

Active Green Space

RCFE

RCFE

Active Green Space

Diamond St.

Prospect Ave.

# Current Campus

- 4 stories
- 273,917 sq. ft. (above grade)
- More vehicle trips
- 60 memory care units
- No Community Wellness Pavilion
- Current Center for Health & Fitness
- 2.4 acres of green space
- 60-year-old former hospital site

# 2019 Master Plan

- 4 stories
- 478,904 sq. ft. (above grade)
- Projects fewer vehicle trips
- 420 residential care units
- Community Wellness Pavilion
- Modernized, expanded Center for Health & Fitness
- 5.8 acres of green space
- Innovative preventive health campus

# Breaking the Mold for Residential Care

*The Healthy Living Campus model empowers older adults to actively embed in their community, strengthens intergenerational connections and engages them in life*

## Traditional Model: Senior Housing

- ✗ Internal, insular, closed facility just for seniors
- ✗ Insulated from the community at large
- ✗ Limited outdoor space dominated by parking
- ✗ Few opportunities for intergenerational socialization
- ✗ Programming & spaces designed solely for seniors onsite
- ✗ Environment is static & removed



VS

## Healthy Living Campus Model: Residential Care

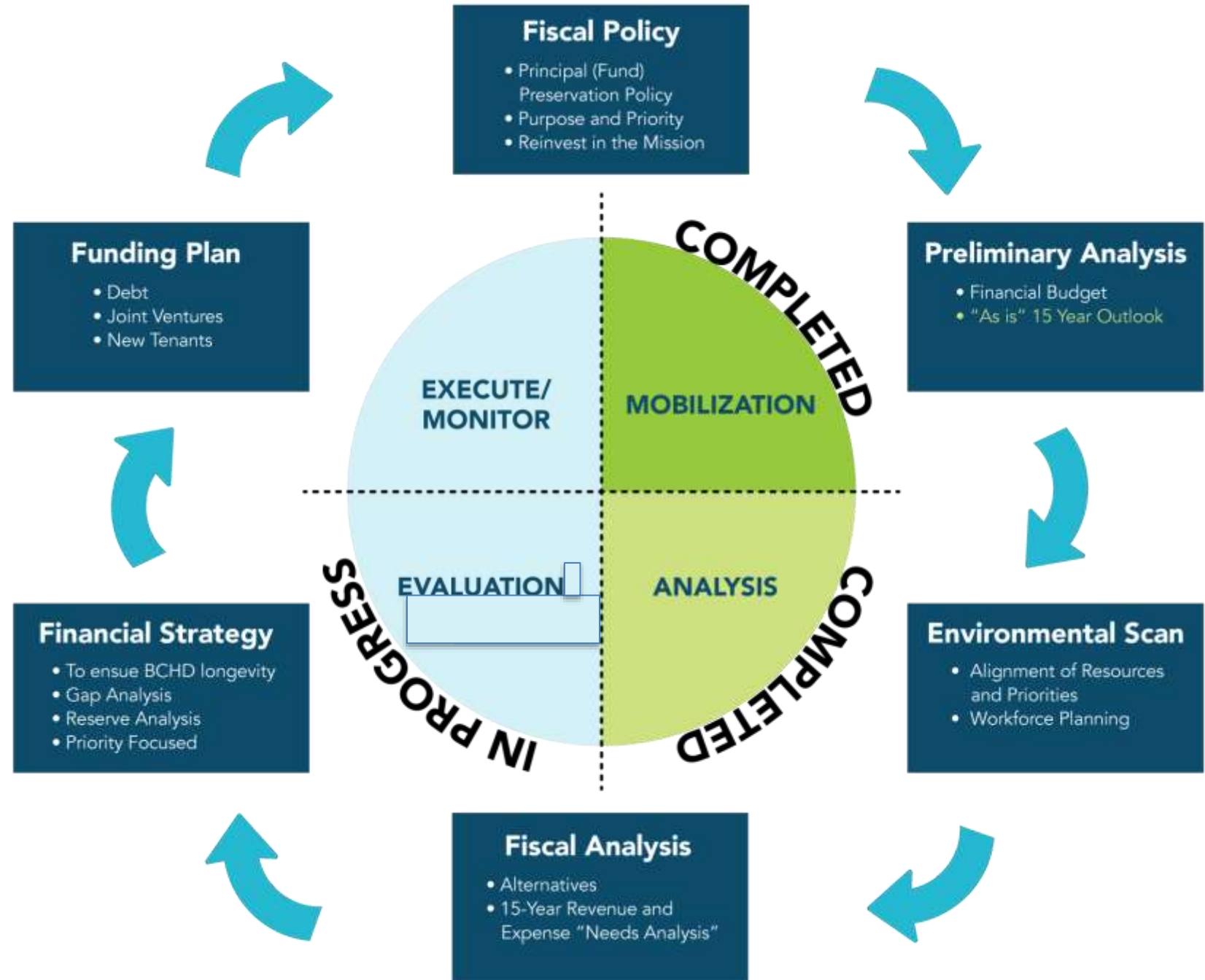
- ✓ Vibrant, multi-use community campus for all ages to experience health & wellness
- ✓ Residents onsite are uniquely integrated with broader community
- ✓ Green spaces & gathering spaces promote activity, socialization & wellness
- ✓ Community center connected to Beach Cities & BCHD programs/resources onsite
- ✓ Opportunity to age in place in adaptable setting with preventive health & medical services



# Healthy Living Campus

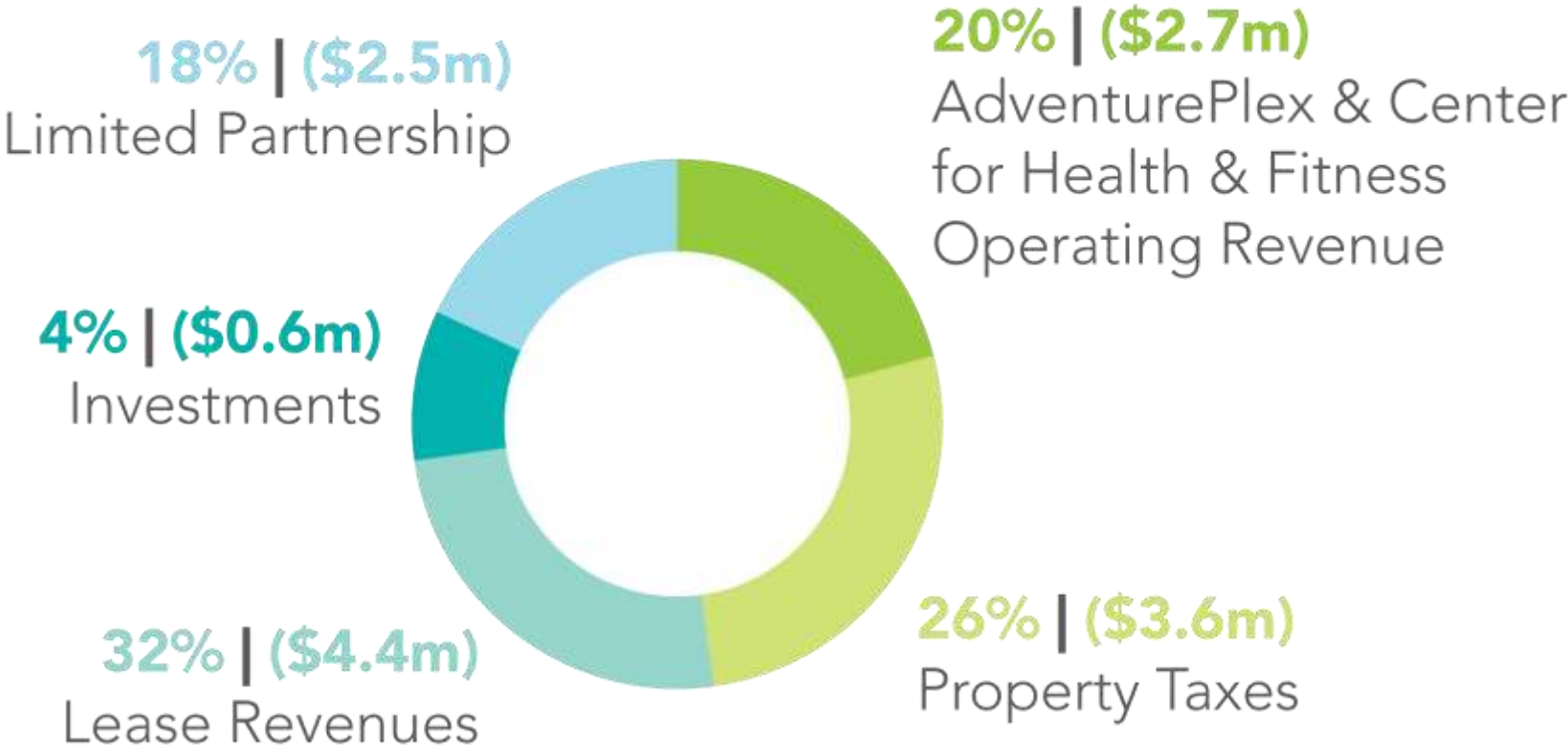
## How: Financial Strategy

# Long-Term Financial Planning Cycle





# Funding a Healthy Beach Community



# BCHD Funding Evolution – Based on Community Need



### Hospital & Emergency Care

- Increased local hospital competition



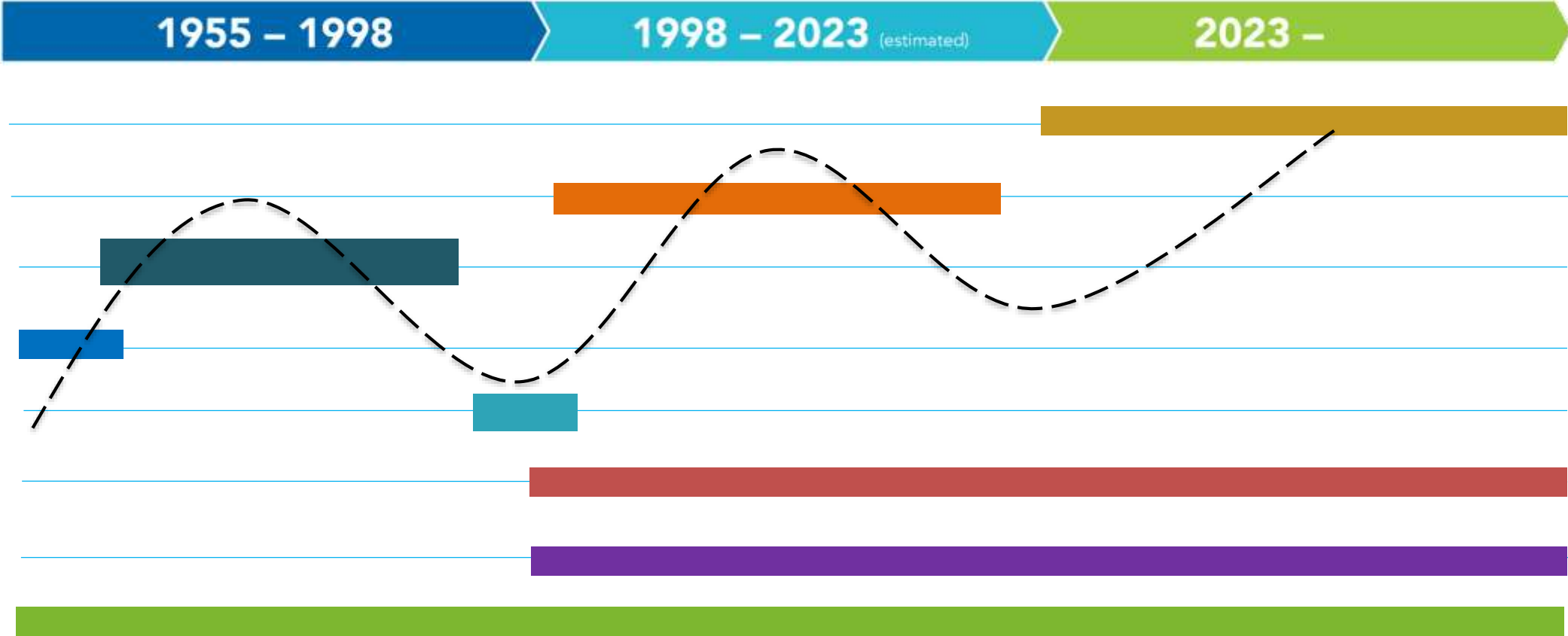
### Preventive Health Programs, Services & Facilities

- MOB Market Concerns / Escalating Maintenance & Seismic Costs

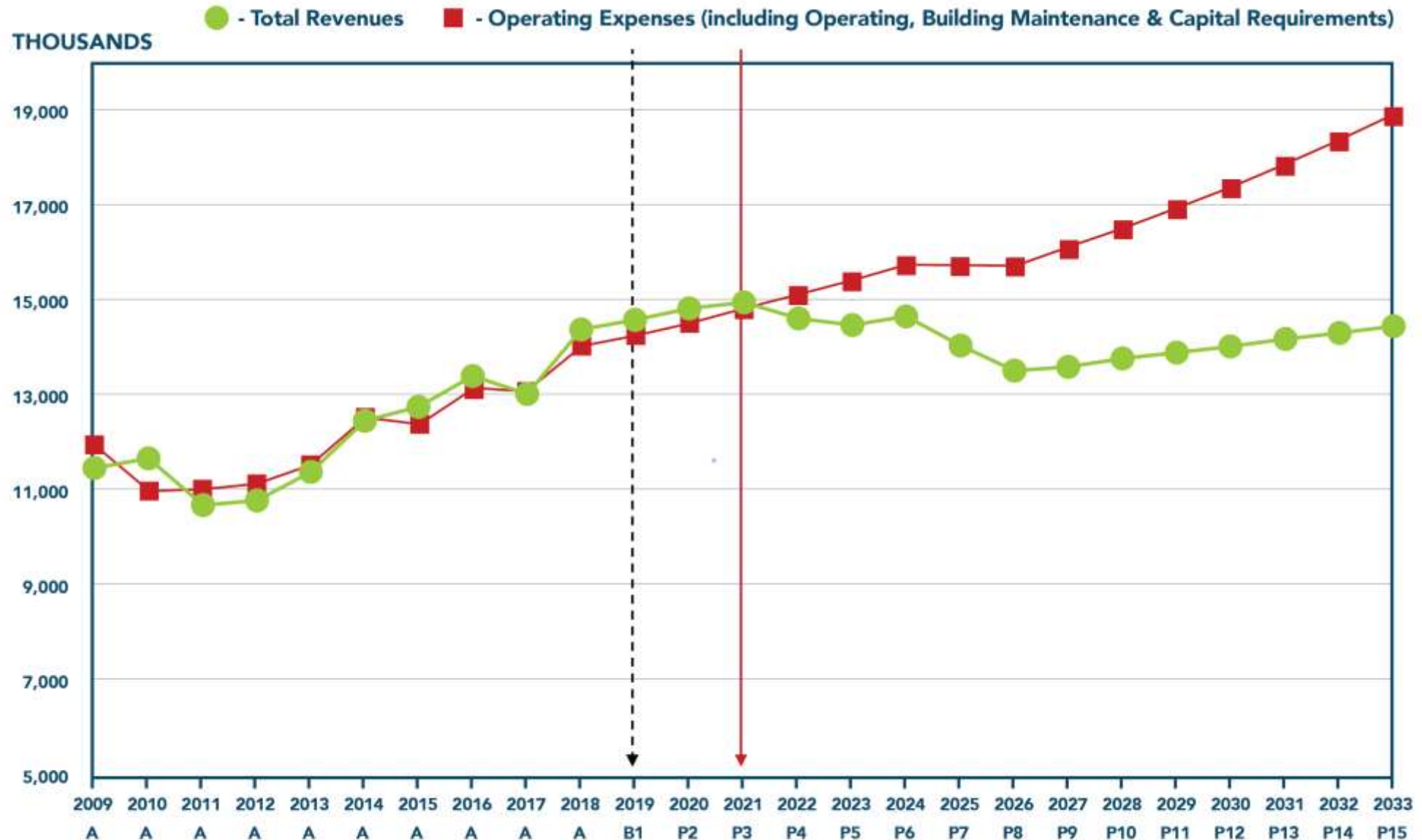


### Continued Community Need to Fund Preventive Health Programs through Services & Facilities

FUNDING	
RCFE/Grants/ Philanthropy/Partnerships	
514 Medical Office Building (MOB) Leases	
Hospital Revenue	
General Obligation Bonds	
Lease Buyout	
Off-Campus/Joint Ventures	
H&F Operations	
Property Tax	

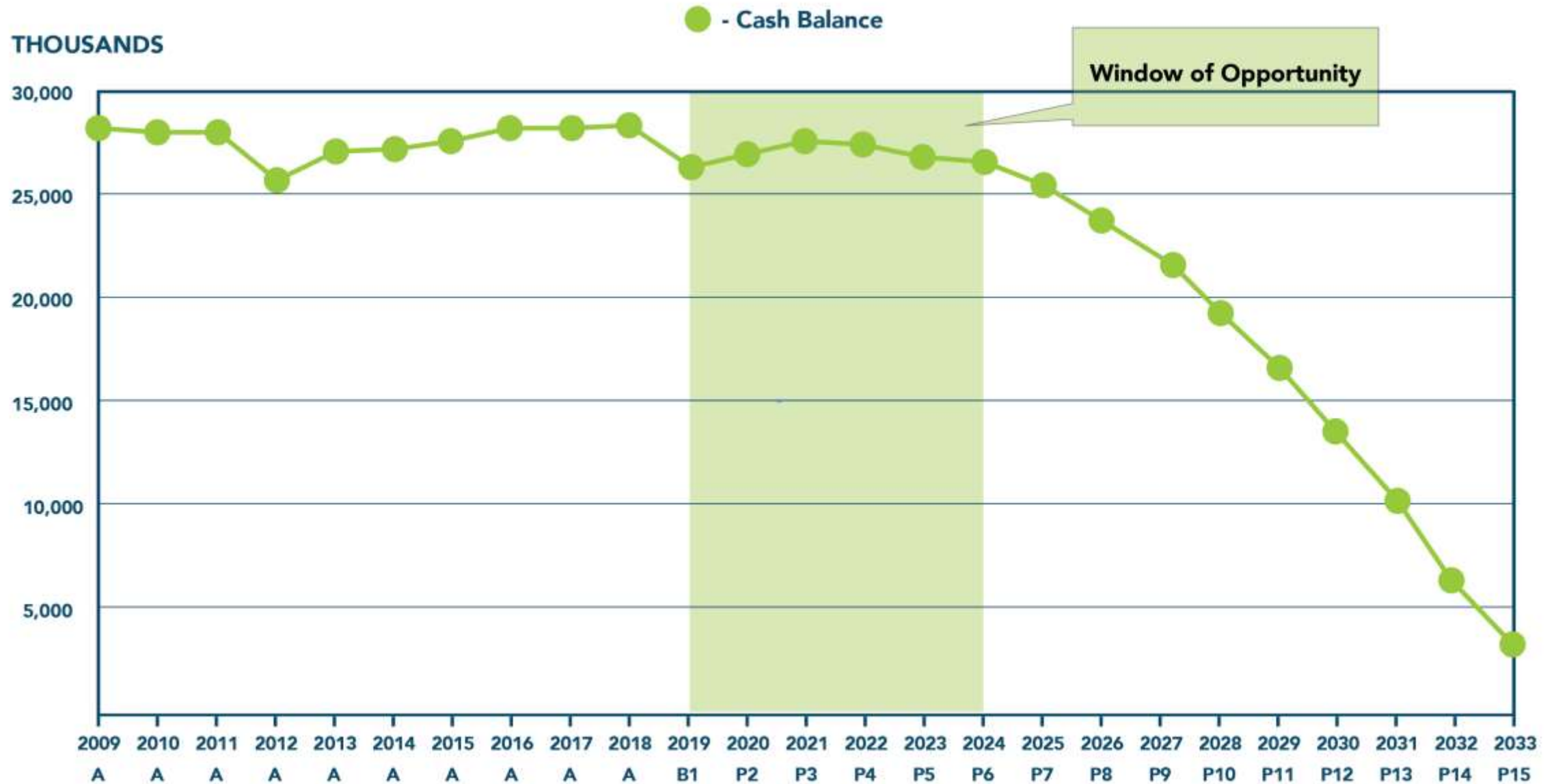


# 15 Year Long-Term Financial Outlook



BCHD's 15-year financial outlook – including building maintenance and capital expense requirements. Capital expenses for BCHE's main building (514) are expected to increase on average by 10% annually, as major infrastructure replacements will be required.

# 15 Year Long-Term Financial Outlook



## **BCHD MISSION**

**To enhance community health through partnerships, programs and services for people who live and work in Hermosa Beach, Manhattan Beach and Redondo Beach**

## **HEALTHY LIVING CAMPUS VISION**

**The Healthy Living Campus project is a unique opportunity for our community to chart the future of health by purposefully building an intergenerational, vibrant, research-driven campus where people can learn and engage in healthy behaviors, form meaningful connections and be well...for many generations to come.**



**BCHD** Beach Cities  
Health District  
COMMUNITY WELLNESS PAVILION

# Healthy Living Campus Project Pillars



## Health

- Build a center of excellence focusing on wellness, prevention & research
- Leverage the campus to expand community health programs & services



## Livability

- Focus on emerging technologies, innovation & accessibility
- Create an intergenerational hub of well-being, using Blue Zones Project principles



## Community

- Actively engage the community & pursue partnerships
- Grow a continuum of programs, services & facilities to help older adults age in their community

# BCHD Assets & Strengths

- Highly valued land, assets & organization
- \$15 million in cash
- Ability to issue tax-exempt debt
- Significant market need for Residential Care for the Elderly (RCFE)
- Proven public-private partnership (P3) experience  
(**\$2.3M or 17% of BCHD Funding, Ownership Evolved**)

# BCHD-Sunrise Ownership Evolution

1997

- Land Lease
- \$17,000 / Month
- 1999 Operations Begin

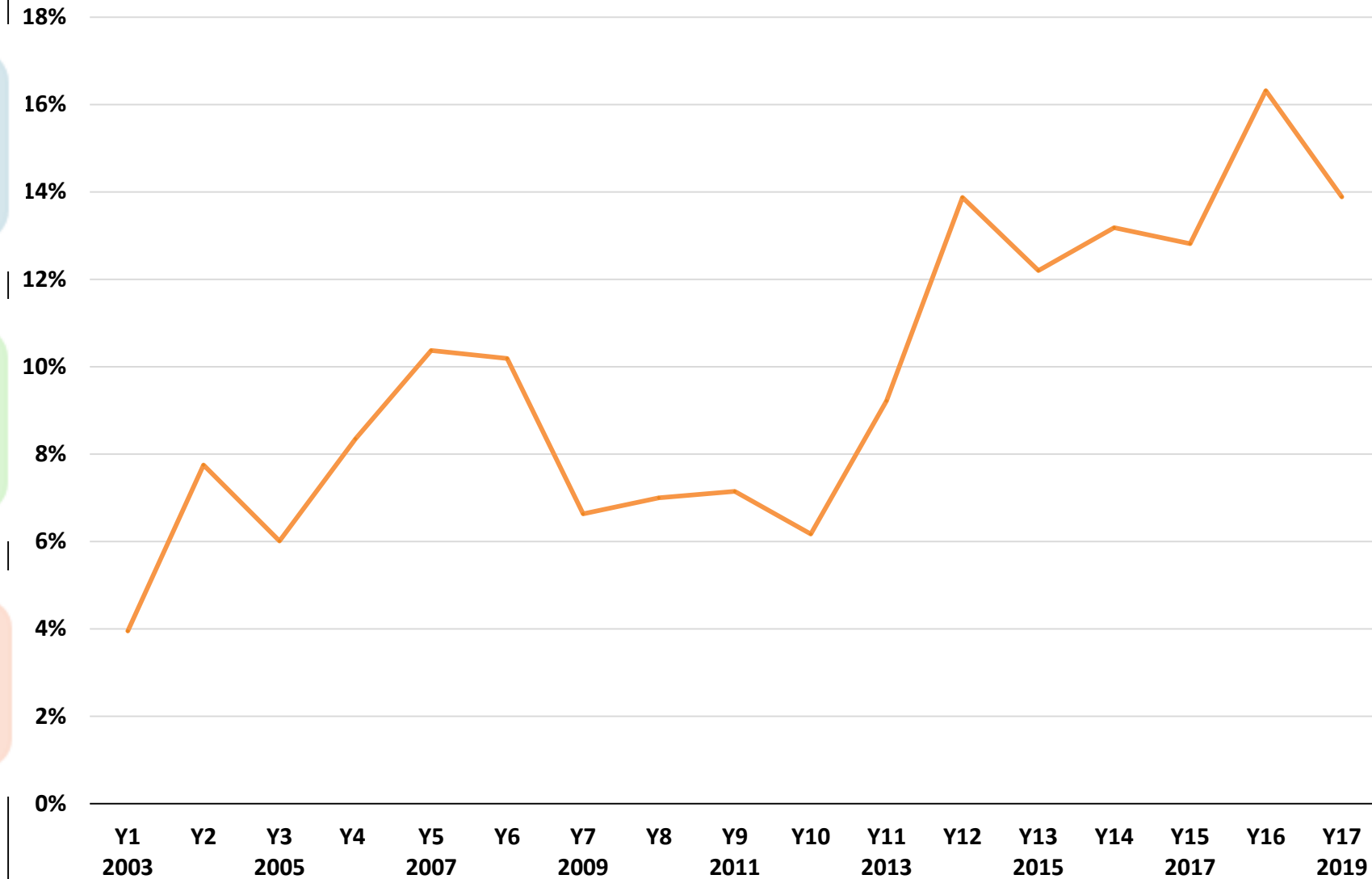
2002

- 80% Owner
- \$4.4M Capital
- \$9.8M Debt

2012

- \$7.8M Debt Paid Up
- \$14.2M Investment

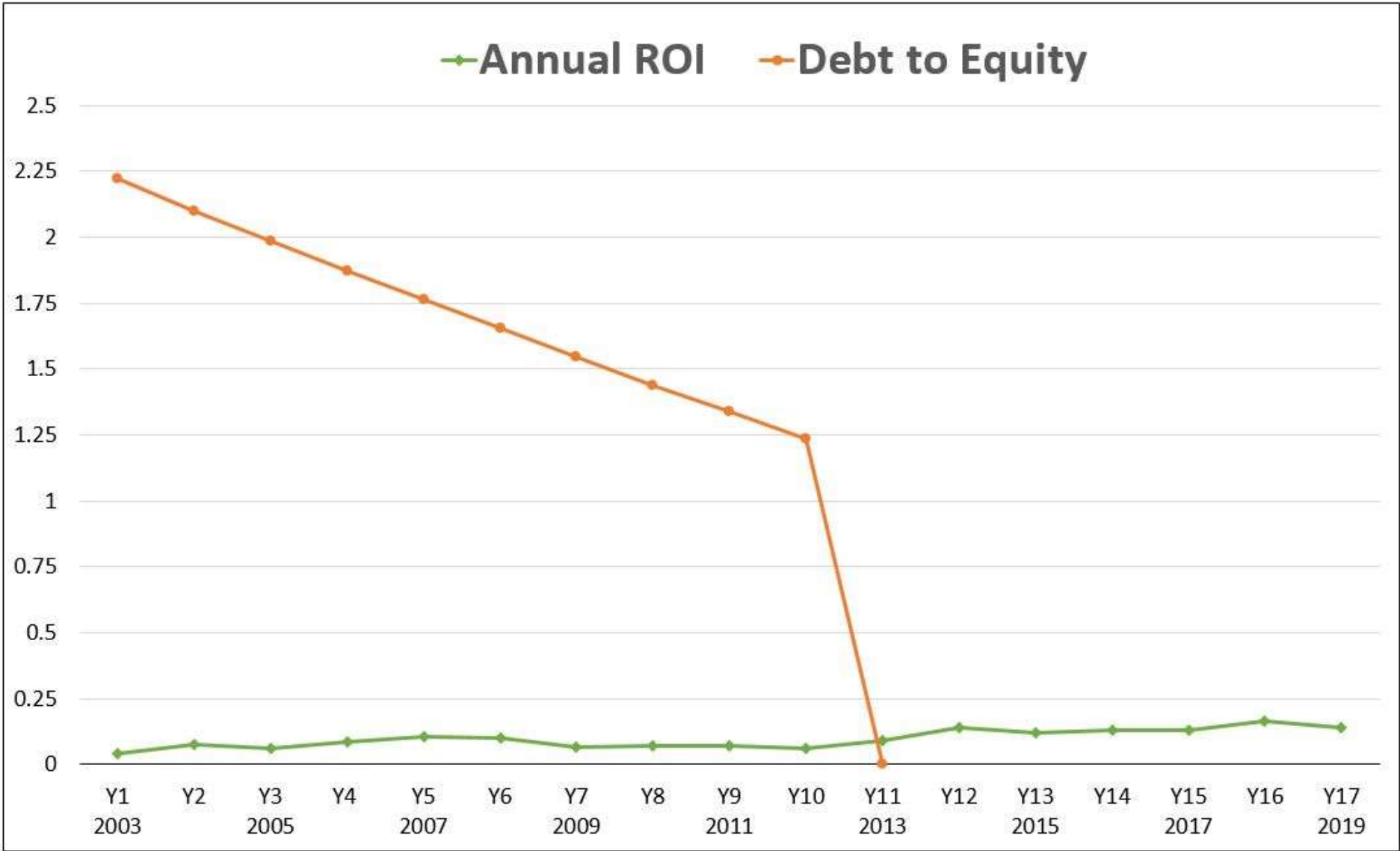
BCHD-Sunrise Joint Venture: Annual ROI





# BCHD-Sunrise Ownership Evolution

- excludes building as Operator did the construction



# HOW: Long-term Financial Strategy

## Reviewed & Analyzed

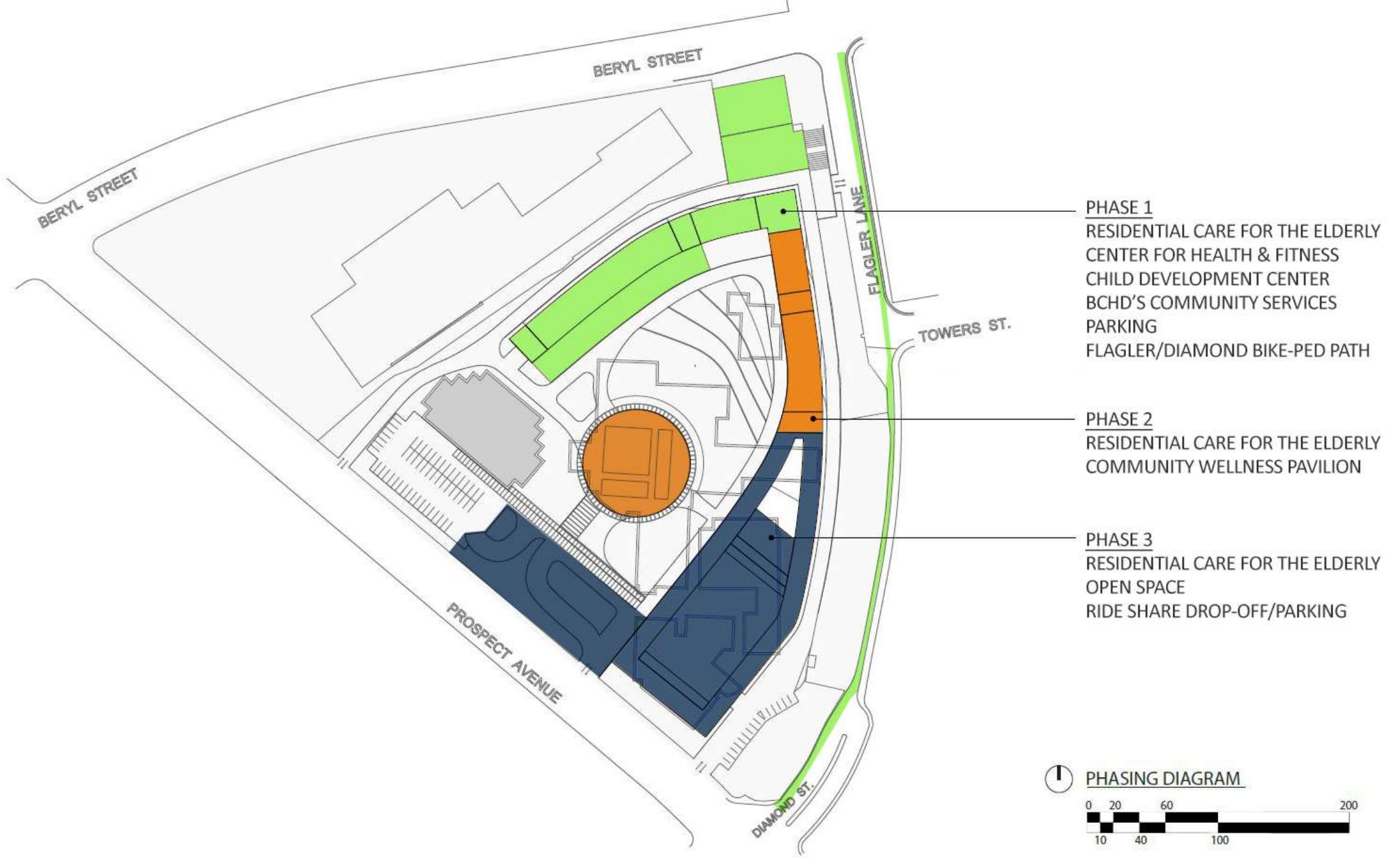
- Sell land and assets
- Infeasible to fund independently
- Cost of 514 building renovations
- Cost of original site plan & “Do Everything” option

# Campus Alternatives

	Cost	Project Pillar Alignment
2017 Site Plan	\$ 460M	Does not optimally align
Do “Everything” Scenario	\$ 585M	Does not align
514 Building Renovations	\$ 127M*	Does not align

M = Millions

\*Does not include cost moving tenants and lost revenue



# Phases, Costs & Timeline Estimates

## Phase 1

2022-2025

Program	Estimated Costs	% of Cost
RCFE (162 Units)	\$110M	72%
Parking	18M	12%
Center for Health & Fitness	15M	10%
Child Development	10M	6%
		-----
		100%

**\$153M**

- Plus Flagler/Diamond Bike-Ped Path \$1.8M
- Includes construction escalation costs of \$14M

## Phase 2

2025-2028

Program	Estimated Costs	% of Cost
RCFE (99 Units)	\$ 67M	45%
Parking	9M	6%
Wellness Pavilion	73M	49%
		-----
		100%

**\$149M**

- Includes construction escalation costs of \$19M

**Assumptions:** No 510 buy-out, no land value, no childcare revenue, includes construction escalation costs

M = Millions

# Phases & Cost and Timeline Estimates

## Phase 3

2030 - 2035

Program	Estimated Costs	% of Cost
RCFE (159 Units)	\$199M	85%
Parking	35M	15%
		-----
		100%

**\$234M**

- Includes construction escalation costs of \$57M

## Total

2022 - 2035

Program	Estimated Costs	% of Cost
RCFE (420 Units)	\$375M	70%
- Parking	62M	11%
Childcare Center	10M	2%
		-----
<b>Revenue Generating Costs</b>	<b>\$447M</b>	<b>83%</b>
Center for Health & Fitness	15M	3%
Wellness Pavilion	73M	13.7%
Flagler/Diamond Bike-Path	1.8M	0.3%
		-----
		100%

**\$537M**

- Includes construction escalation costs of \$90M

**Assumptions:** No 510 buy-out, no land value, no childcare revenue, includes construction escalation costs

M = Millions

Healthy Living Campus Financial Strategy Examples – \$537M	Timing	Debt – Millions	Equity – Millions	Gap - Capital Contribution	Trade-offs
<b>BCHD 100%</b>	15 Years	\$ 175 M	\$ 51 M	\$ 311 M	Financially infeasible
<b>BCHD 50% - Partner 50%</b>	5-15 Years	\$ 77 M	\$ 30 M	\$ 161 M	Financially feasible/ negotiated partnerships
<b>BCHD 0% - Land Lease 100%</b>	5-15 Years	\$ -	\$ -	\$ -	Lose control & vision, limited ongoing revenue

M = Millions

Healthy Living Campus Financial Strategy Examples – \$537M	Timing	Debt – Millions	Equity – Millions	Gap - Capital Contribution	Trade-offs
<b>BCHD 100%</b>	15 Years	\$ 175 M	\$ 51 M	\$ 311 M	Financially infeasible
Phase 1		\$ 83	\$ 15	\$ 56	= \$154
Phase 2		\$ 38	\$ 6	\$ 105	= \$149
Phase 3		\$ 54	\$ 30	\$ 150	= \$234
<b>BCHD 50% - Partner 50%</b>	5-15 Years	\$ 77 M	\$ 30 M	\$ 161 M	Financially feasible
Phase 1		\$ 41	\$ 15	\$ 20	= \$76
Phase 2		\$ 19	\$ 4	\$ 52	= \$75
Phase 3		\$ 17	\$ 11	\$ 89	= \$117

M = Millions



# Long-term Financial Strategy: How to Close Capital Contribution Gap?

## Equity

Cash  
Land  
Buildings  
BCHD Value

## Debt Financing

Municipal Bonds  
Private Lenders

## P3

Investors  
Operators  
Health Partnerships

## New Revenue Sources

Grants  
Philanthropy  
Sponsorships/Naming  
Public Funding

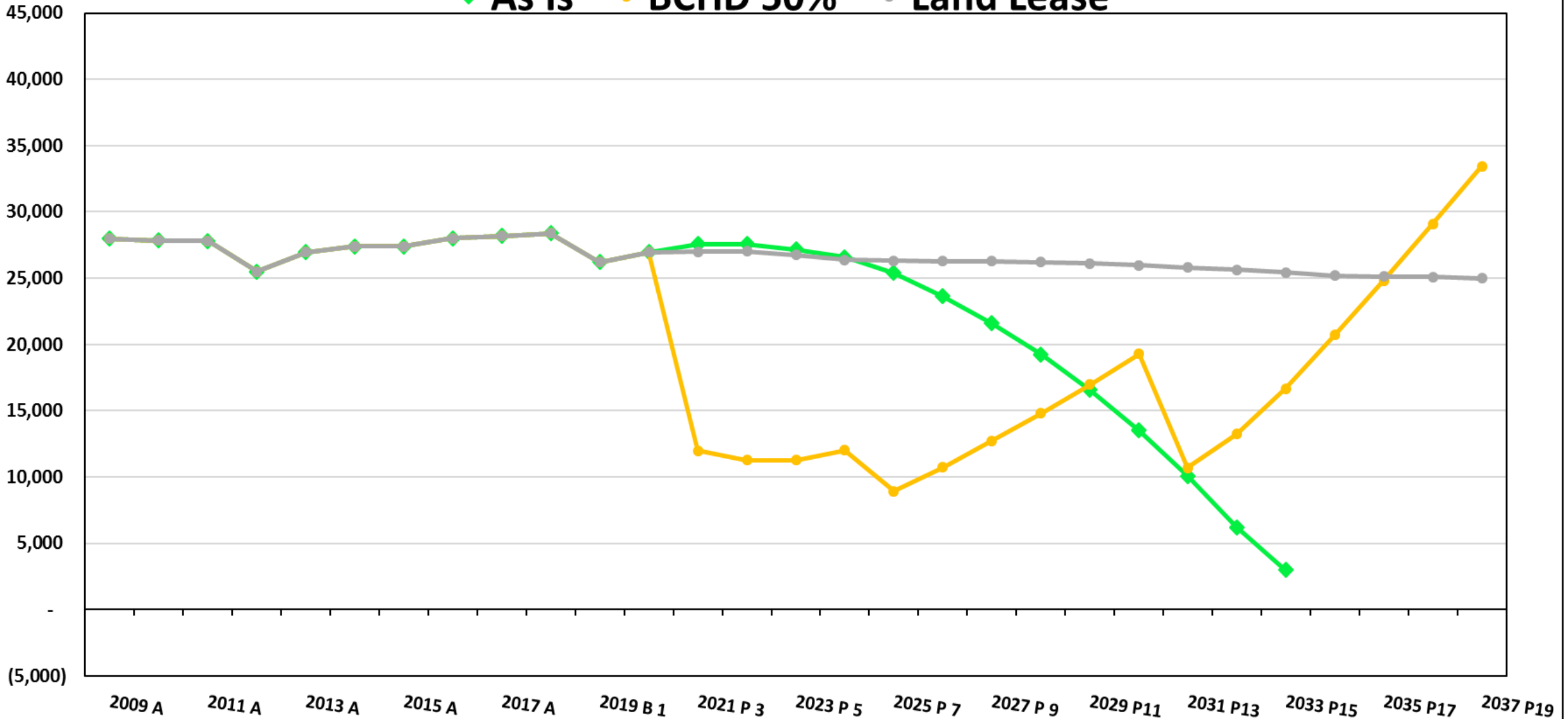
# Long-term Financial Strategy: How to Close Capital Contribution Gap?

1. Optimize BCHD ownership %
2. Assess land & BCHD value
3. Explore new funding sources (new programs, grants, philanthropy, etc.)
4. Reduce project scope – non-revenue components
5. Consider 510 lease buy-out
  - a) Cost savings, reduces escalation costs ~ \$57M
  - b) Shortens project timeline by 5-7 years

# How: BCHD Long-Term Financial Strategy

## Estimated Cash Balance

◆ As Is    ● BCHD 50%    ● Land Lease



- Residential Care Options
- Community Wellness Pavilion
- Reduced Traffic Impacts
- 5.8 Ares of Green Space
- Medical Exercise Facility
- Warm Water Therapy Pool
- Child Development Center
- Bike & Pedestrian Path
- Medical Offices & Pharmacy

## Health Living Campus Benefits

- Childhood Obesity Prevention
- Senior Care Management
- Geriatric Social Workers
- Beach Cities Partnership for Youth
- Dementia Research & Education
- Blue Zones Project
- Volunteer Services
- Subsidized Community Facilities
- \$1.4M in Annual Health Funding
- Healthcare Enrollment & Referrals

### 40+ BCHD Programs

- Research & Development
- Mental Health & Happiness
- Medical Fitness Therapy
- Food Literacy & Nutrition
- Older Adult Day Care
- Care Management
- Substance Use Prevention

### Services

## Beach Cities



130,000 Residents



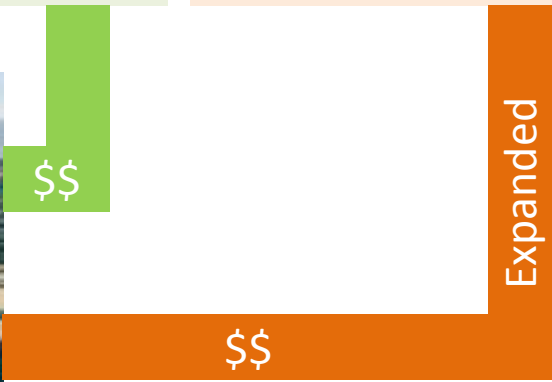
Community Organizations



3 School Districts



Community Partners



## Creating a Healthy Beach Community

# Health Living Campus Benefits

# Summary

- Master Plan estimated at \$537M
- Funding independently is infeasible
- Immediate action is critical: costs increasing, 514 rapidly deteriorating
- Continue partnership development
- Close capital contribution gap to maximize ownership
- Expert assistance needed to continue analysis
- Entitlements essential to complete financial analysis

# Community Working Group Feedback:

- **Affordable Residential Care vs. Funding Preventive Health Services**
  - Should affordable units supersede revenue for community health services?
  - Worth adding units to fund affordable residential care?
  - Should proportion of affordable units be commensurate with local need?
- **Potential Partners Must Adhere to BCHD Mission & Vision**
  - Be cautious of partnerships that could subvert Healthy Living Campus vision

# Public Input